

Corporatization and political ideology: The case of hospitals in Spain

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Abstract

Corporatization—arguably as important as privatization regarding public service reform—remains an under-researched topic in Public Administration. In this paper, we explore the extent to which the implementation of different types of corporatization strategies can be explained by the ideology of the ruling party in the Spanish public healthcare sector, selected for study because this sector was subject to reform, particularly, decentralization and marketization. To do so, we use count-data regression models to analyze secondary data from the 17 Spanish regional governments for the period 2003–2017. Our estimates reveal that right-wing controlled regional governments exhibit a clear preference for corporatization strategies that actively involve the private sector, such as Public–Private Partnerships and Public Finance Initiatives. Further analysis suggests that left-wing governments are positively associated with the implementation of corporatization strategies that do not involve the private sector, such as the creation of Public Enterprises and Public Entities. These results are robust to a variety of alternative specifications.

1 | INTRODUCTION

The wave of privatization of public services around the world from the 1980s onwards attracted a huge body of scholarship: the determinants and consequences of privatization programs have, by now, been deeply scrutinized by

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Public Administration scholars (Clifton et al., 2006; Schmidt, 2014; Warner & Bel, 2008). One of the major lines of analysis in the body of work on privatization has been to analyze the extent to which political ideology—usually understood as the prevalence of right or left-wing political parties in government—were important when explaining government sell-offs of public assets (Belloc et al., 2014; Peña-Miguel & Cuadrado-Ballesteros, 2019).

However, the corporatization of public services—a development that is arguably equally as important as privatization—remains under-researched (Clifton et al., 2019; Voorn et al., 2020). Today, corporatization is expanding geographically and by sector. Ferry et al. (2018) estimate that the number of public corporations operated by major local authorities in England grew from 400 to 600 between 2010 and 2016—with similar developments observed in other countries (Aars & Ringkjøb, 2011; Brownlee et al., 2018; Citroni et al., 2015; McKinlay, 2013; Tavares, 2017). Voorn et al. (2020) suggest this upward trend is a global one, given fiscal constraints faced by governments and demographic shifts.

Corporatization occurs when governments transform public services—which were previously organized, produced, and delivered directly by the state through government entities at either the local or national level—into a corporation and usually made subject to company law (Clifton & Díaz-Fuentes, 2018). Arguably, corporatization is a more complex concept than privatization to analyze: privatization is usually conceptualized as the sale of public assets, hence measured by the volume of assets sold (Clifton et al., 2006). This means privatization is thought of as a continuum ranging from the sale of a minority share to that of all shares, at which time the entity becomes fully private. In contrast, corporatization involves multiple features that cannot be easily captured on a continuum. For example, the World Bank website on Public-Private Partnerships (PPPs) includes nine distinct “key features” it recommends governments should consider implementing when embarking on corporatization in the case of the water sector (World Bank, 2016). These include legal, managerial, auditing, human resource, and budgetary features. With these same features in mind, MacDonald (2014, 2016), based on empirical studies of corporatization, argues governments tend to follow one of two major configurations that differ, fundamentally, as regards the role of the private sector. He labels the first configuration “progressive corporatization.” Progressive corporatization aims to keep public services under public ownership, while also seeking to improve their financial performance when compared to their former in-house organization. Remaining under public ownership, the newly created corporation takes on a separate legal status from government. This leads to several advantages, including the growing autonomy of managers, who become more directly responsible for the immediate organization of the services for which they are now in charge, and increased financial autonomy, as costs and revenues are accounted for as if the entity was a stand-alone company (McDonald, 2014). This can additionally lead to enhancing the borrowing status and credit rating of the entity. This configuration is labeled progressive in the sense that it is thought that greater managerial and financial autonomy will lead to better public service delivery, and a means of renewing public ownership.

The second configuration is labeled “neoliberal corporatization”: here, the entity takes on a separate legal status and managerial and financial autonomy grows—as in the case of progressive corporatization. The critical difference is that private sector-friendly policies are promoted, including financialized performance indicators, cost-reflexive pricing and private sector involvement in public service production and delivery. Once a government decides to corporatize, they therefore face a “decision-fork”: they can opt for a configuration that confers greater managerial and financial autonomy on an entity, while retaining it under public ownership, or else select a configuration whereby greater autonomy is accompanied by private sector-friendly policies.

Despite the increasing popularity of corporatization initiatives across the globe, there remain important lacunae in our understanding of the dynamics of this policy. In particular, few studies address the political factors driving corporatization strategies: (exceptions include Tavares & Camões, 2010 and Andrews et al., 2020). More broadly and, from a theoretical perspective, literature related to the political influences on different forms of marketization, such as studies dealing with privatization and government contracting, argue that right-wing parties are more likely to favor the use of private contractors (see, e.g., Belloc et al., 2014; Galasso, 2014; Peña-Miguel & Cuadrado-Ballesteros, 2019). However, empirical evidence on the ideology of ruling political parties and privatization and contracting out of public services remains somewhat inconclusive (see, e.g., Bel & Fageda, 2017; Alonso &

Andrews, 2020, for a comprehensive review of these studies). As regards the specific case of corporatization, the scant literature that is available to date on the influence of political ideology, such as Andrews et al. (2020), found no clear evidence of a relationship between ideology and corporatization initiatives. Furthermore, partisan theorists acknowledge that “the policy preferences of left-wing and right-wing parties cannot be easily assumed, but need to be contextualized” (Häusermann et al., 2013, p. 230). In particular, the literature suggests that some public services, such as social services, may be more politically sensitive, and therefore more susceptible to ideological effects than others (see, e.g., Petersen et al., 2015).

This paper contributes to the emerging literature on the determinants of corporatization. Bearing in mind governments face a “decision-fork”—they can select a “progressive” or “neoliberal” version of corporatization, it is likely their decision is influenced by the ideas that government holds about the extent to which it is desirable or not to involve the private sector in public service provision. More specifically, following the logic of the theoretical literature on marketization, it is of interest to inquire whether right-wing governments are more active in the promotion of a “neoliberal” path to corporatization, and whether left-wing governments are more likely to opt for more “progressive” options.

To do so, we focus on corporatization strategies pursued across the Spanish public healthcare sector and explore the extent to which the implementation of different types of corporatization strategies can be explained by political ideology. The profound reforms experienced by the Spanish National Health System (Spanish NHS) over the past three decades—including decentralization and marketization processes—makes it a particularly suitable case from which to elucidate potential political factors driving corporatization initiatives. This type of analysis would be highly complex, if not, impossible in, for example, centralized systems, such as the British NHS, and inapplicable in social insurance systems. Furthermore, the Spanish case is also particularly suitable for our analysis, because the political control of regional governments in Spain over the period under study was almost entirely held by national-level political parties that divide clearly along ideological lines. Using count-data regression models, our estimates reveal that right-wing controlled regional governments in Spain exhibit a clear preference for corporatization strategies that actively involve the private sector. We found that right-wing rule is positively correlated with the implementation of corporatized forms involving the private sector (such as PPPs and Public Finance Initiatives [PFIs]). Furthermore, we find that left-wing rule is positively associated with corporatized forms not involving the private sector (such as Public Entities and Public Enterprises).

The paper begins by examining what is already known about the determinants of corporatization as found in the emerging literature on the topic, including how political ideology may shape decisions around implementing corporatization. Next, measures of progressive and neoliberal corporatization, political and appropriate control variables are identified and described. Thereafter, the results of the statistical modeling that we undertake are presented and discussed. The theoretical and practical implications from our study are explored in the concluding section.

2 | POLITICAL INFLUENCES ON CORPORATIZATION

Of the initial, emerging scholarship on the determinants of corporatization, attention has been paid to its financial, socioeconomic, managerial, and political drivers. Because governments may be able to better control labor costs using corporatized arrangements that are less influenced by trade unionism or public employment regulations, corporatization may be motivated by financial reasons (Andrews et al., 2020). Creating potentially profitable corporate entities may also increase in times of financial stress, so governments can invest across other public services (Localis, 2015). Regarding socioeconomic factors, Bernier and Hafsi (2007) argue that governments may turn to corporatization when they confront a complex external environment. Hence, corporatization is more likely where governments serve a large population with strong socioeconomic diversity, a finding also confirmed by Tavares and Camões (2010). Regarding managerial factors, Andrews et al. (2020) argue that the relationship between managerial capabilities and corporatization may form a U-shape: they find that governments with both weak and strong capabilities may be more likely to turn to public service corporatization.

Few studies have focused on the effect of political ideology on corporatization to date. In one of the first studies examining the specific political drivers of corporatization—as opposed to privatization—Tavares and Camões (2010) find that right-wing regional governments are more likely to corporatize more than left-wing regional governments in Portugal. In a later study, Andrews et al. (2020) did not find municipal control by left or right-wing government to matter as regards corporatization in English local government between 2010 and 2016. Given the small number of studies on the political determinants of corporatization, it is useful to turn to the broader literature on privatization and contracting, given its attention to the role of political ideology on these reforms. The citizen-candidate model of political competition (Osborne & Slivinski, 1996) argues that the government's ideology often determines its policy choices. Generally speaking, right-wing parties are expected to support policies that aim to reduce the role of the state in the economy—through retrenchment or privatization (Abiad & Mody, 2005). Left-wing parties, in contrast, are more likely to support the continued involvement of the state believing that this supports welfare-enhancing policies (Galasso, 2014). Following from this, right-wing and left-wing governments may opt for reform involving different degrees and modalities of private sector involvement. Hence, right-wing governments are expected to encourage reform that favors private sector involvement in the public sector based on their belief in the superiority of private over public management, or, the superiority of the market over state provision of public service (Sundell & Lapuente, 2012). Indeed, Belloc et al. (2014) find right-wing governments privatized more than left-wing ones in 30 OECD countries between 1975 and 2007. Peña-Miguel and Cuadrado-Ballesteros (2019) confirm right-wing governments privatized more than left-wing ones during election periods and after elections in 22 European countries between 1995 and 2013. Galasso (2014), in a study of 25 OECD countries over the period 1975–2008, finds right-wing parties privatized more than left-wing governments, even though they may refrain from doing so during a crisis.

A small body of literature examines the corporatization of hospitals, including the determinants—but, particularly, the consequences—of such a reform (Braithwaite et al., 2011; Ferreira & Marques, 2015; Kirkpatrick et al., 2017; Lindbauer et al., 2016). Hospitals are a particularly interesting arena for the analysis of corporatization, since healthcare is labor intensive, with wages comprising between 60% and 85% of total operating expenses (Kahancová & Szabó, 2015). Feasibly, hospital corporatization can reap significant financial change by labor restructuring, toward different (short-term) contracts, performance-related-pay, and more flexible hiring and firing. In a study by Lindbauer et al. (2016), an important regulatory change introduced into the hospital sector in Germany—which led to the reduction of revenue of many hospitals—was a key driver of corporatization. Interestingly, however, Lindbauer et al. (2016) find no relationship between hospitals with lower efficiency and corporatization. As regards socioeconomic factors, increasing and diversified pressures on hospital resources may be associated with pressures to corporatize. Lindbauer et al. (2016) confirm that the extent to which competition existed among hospitals in a region to “capture” patients—or “spatial competition”—to be positively associated with corporatization. Turning to managerial aspects, Fidler et al. (2007) point out that hospitals are staffed by a highly educated élite, which may try to lobby and block government efforts to privatize, or, introduce other reforms, such as corporatization, if they disagreed with them. Lindbauer et al. (2016) find that hospitals that were “legally dependent”—that is, which only enjoyed a very low degree of managerial autonomy—made them, in turn, rather restricted as regards responding to market-oriented reform, and were therefore more likely to be corporatized.

There are relatively few empirical studies on the political drivers of corporatization in the hospital sector. Sarto et al. (2016) conduct an analysis on the political drivers of hospital corporatization at the regional level in Italy. They find that right-wing regional governments were more likely to implement a “market-friendly” hospital corporatization model than left-wing regional governments, understanding hospitals where Chief Executive Officers are from a business—rather than a public administrative—background to be an indicator for hospitals' market-friendliness. The remaining studies adopt a different approach arguing that, since hospital corporatization is often controversial, a government will require a “strong political will” to see it through. A World Bank report, edited by Preker and Harding (2003), argues that successful hospital corporatization projects require strong and continued political will, since resistance from powerful medical groups, hospital managers, or opposition parties can be expected, which can easily derail this policy. Fidler et al. (2007), similarly, acknowledge that hospital corporatization is politically sensitive, and faces strong opposition, but can produce positive outcomes, particularly greater economic efficiency and more

sustainable finance, if these “political economy” forces can be overcome. In a qualitative study of hospital corporatization in Australia, Doolin (2002) argues that corporatization was pushed by governments onto health professionals through an ideological “commodification of health”, whereby the notion of “sick bodies as products” requiring carefully rationed, market-like solutions, prevailed.

Before turning to the analysis, we describe the reform of hospitals in the Spanish NHS as regards regional governments' corporatization strategies. The decade of the 1990s marked a turning point for the Spanish healthcare system (Acerete et al., 2011). In the first half of the 1990s, the ruling traditional left-wing Spanish Socialist Workers' Party passed Law 30/1994, which allowed for the introduction of new managerial formulas to publicly owned hospitals. This Law was supported by all political parties with the exception of the conservative Popular Party, which abstained, finding it did not go far enough to promote private sector involvement in healthcare delivery (Spain Cortes Generales, 1994). Once the conservative Popular Party came to power from 1996, it swiftly approved a Royal Decree 10/1996, which opened the door to the implementation of further hospital management models, in particular, making private management of hospitals possible through various types of entities created by individuals or private companies. Shortly afterward, and, most importantly, the Popular Party passed Law 15/1997, which defined new managerial formulas to govern public hospitals, and private sector involvement in the delivery and management of healthcare services (Alonso et al., 2015; Alvarez & Durán, 2011). The Popular Party successfully managed to obtain support from all political parties, including the Spanish Socialist Workers' Party, with the exception of the United Left,¹ by actually scaling back the extent to which the private sector could be involved in hospitals that had been brought about by the Decree. For the Socialists, then, Law 15/1997 was a “compromise” between Law 30/1994 and the Decree of 1996, in that it reduced the “neoliberal” approach of the Decree by clarifying both public and private ownership had a role in public health (Spain Cortes Generales, 1997a).

As a result of these legislative changes, regional governments—to whom powers in healthcare management had been fully transferred from 2002—were presented with a range of new options as regards models to manage hospitals (García-Armesto et al., 2010). To simplify, two main categories were available. In the first category were direct public management models, which mostly comprised of Public Entities and Public Enterprises. These became organizations with legal personality, ruled by private law, and could be subject to labor legislation to manage staff. We categorize these models as progressive corporatization. In the second category were nondirect management formulas, which included models that used such as different forms of PPPs and PFIs. In the Spanish context, there were various arrangements foreseen with the private sector, including long-term agreements between the public and private sectors, whereby the private sector would finance hospital construction, going on to deliver non-clinical services over a determined period of time, or, a model that went further, whereby the private sector would finance, construct and operate the physical infrastructure of the hospital, as well as being in charge of the delivery of clinical services (Alonso et al., 2015). These are classified in this paper as neoliberal corporatization.

3 | DATA AND METHODS

The data set for our study has been collected from the full population of 17 Spanish administrative regions (the so-called Autonomous Communities) for the years 2003 to 2017. In Spain, powers in healthcare management were transferred gradually from central government to the different regional governments. The healthcare decentralization process ended in January 2002, by which time the devolution of autonomy and power from the central government to all regional governments was complete (Petmesidou & Guillén, 2008). As a result of this decentralization process, health planning, provision of health care and hospital budget allocation became the responsibility of each Spanish regional government (Alonso et al., 2018).

A crucial aspect of the healthcare decentralization process is that Spanish regional governments gained increased autonomy on decisions regarding corporatization of hospitals in the Spanish NHS, including which form of

corporatization to select. At the same time, legislation passed in Spain during the second half of the 1990s—in parallel with the decentralization process experienced by the Spanish NHS—allowed regional governments to implement new managerial formulas to govern or administer publicly owned hospitals (for a comprehensive overview of the legislative framework behind the adoption of new hospital governance formulas in Spain, see Saltman et al. (2011), including different types of corporatized entities (Alonso et al., 2015).

3.1 | Dependent variables

To assess whether political ideology explains the implementation of corporatized hospitals in the Spanish NHS, we develop two indicators that disaggregate corporatization according to the two main types of corporatized hospitals in which regional governments are involved. Our first corporatization measure, *progressive corporatization*, is an annual count of all public hospitals configured as public entities or public enterprises, with legal personality, ruled by private law and subject to labor legislation to manage their staff. The second corporatization measure, *neoliberal corporatization*, reflects the number of corporatized public hospitals which involve the private sector, such different types of PPPs. The sources of information on the type of hospital management model were the Specialized Care Information System database (Sistema de Información de Atención Especializada, SIAE henceforth), and the Spanish National Catalogue of Hospitals (Catálogo Nacional de Hospitales, CNH henceforth).

3.2 | Independent and control variables

The primary independent variable of interest is an indicator that should capture the political ideology of the ruling regional government. More specifically, to test whether right-wing rule is associated with neoliberal corporatization, we include in our model a dichotomous variable which takes a value of 1 if the traditional Spanish conservative party, the *Popular Party*, controls the regional government and 0 otherwise. The prediction, as discussed in the previous section, is that regional governments under right-wing party rule will favor to a higher extent “neoliberal corporatization” initiatives than those with nonright party rule. In order to test whether left-wing rule is associated with progressive corporatization, we replace in our models the right-wing rule dummy variable by an alternative dichotomous variable, which takes a value of 1 if the Spanish Socialist Workers' Party, controls the regional government and 0 otherwise. We anticipate that left-wing party rule would be positively correlated with the implementation of those corporatized entities not involving the private sector, i.e. “progressive corporatization.”

The Spanish regional government context is suitable for implementing this right-left dummy variable approach because the political control of regional governments in Spain during the period under analysis was almost entirely held by national-level, traditional political parties, that divide along ideological lines, to the extent there exists a clear partisan division between the main left-wing party Spanish Socialist Workers' Party and the right-wing: Popular Party.² There is, however, an important exception; in Spain, more autonomous nationalist regions such as the Basque Country and Catalonia, are often regarded as exceptions in the ability of the left-right dimension to reflect the partisan division along distinct ideological lines (Dinas, 2012). More specifically, Marcet and Argelaguet (1998, p. 76) argue that the main Catalan party's ideology and program (the former *Convergència de Catalunya*) focus on “pure nationalism” as the main defining element with no clear ideological positioning and driven by a sense of “pragmatism” which defined its political action. This is reflected on the party's ambiguous attitude “when some decisions have to be taken on new issues or new political demands”. Similarly, Acha and Perez-Nievas (1998, p. 96), argue that in the Basque Country, although the main nationalistic party (PNV—*Partido Nacionalista Vasco*) could be “loosely characterized” as center-right, the economic dimension—which usually serves as one of the factors to classify political parties into left-wing and right wing—does not seem to be crucial to the PNV ideological definition. The same reasoning applies to other regional parties with less nationalistic focus such as the Cantabrian regional party

(Partido Regionalista Cantabro), and the Canary Islands regional party (Coalición Canaria). For this reason, we have kept nationalist and regional parties in the reference group. We acknowledge, though, that this empirical choice may affect our results. To overcome this potential issue, we report in the Supporting Information Appendix S1 (Table S1) our baseline estimates excluding from the analysis those regions where nationalist/regional political parties with no clear left-wing divide ideology held power, that is, the Basque Country, Catalonia, Cantabria and Canary Islands. The findings for our political variables of interest remain unchanged.

We also include in our models a set of adjustment covariates which may also predict both corporatization measures. First, we adjust for the potential influence of other covariates related to the political context in Spain. In particular, the political economy literature suggests that political parties that have been in power longer may have more freedom to implement policy reforms (Biglaiser & DeRouen, 2011), including the creation of corporate entities. We thus include in our models the governing party tenure in years to adjust for this possibility. Moreover, the related literature also indicates that electoral cycles may influence the implementation of economic policies and outcomes (Franzese, 2002), hence we account for electoral cycles, by including a dummy variable taking the value of 1 if there is a regional election in the current or previous year, respectively, and 0 otherwise.

Second, to gauge the potential influences of financial pressures on the creation of corporatized hospitals by regional governments, we include in our models the ratio between regional long-term debt and gross domestic product. Third, we adjust our models for the possibility that the quantity of service needs and socioeconomic complexity affects the creation of corporatized entities (see Andrews et al., 2020). We use five measures of quantity of service needs and socioeconomic complexity: first, we include the healthcare expenditure per capita for each region and year as a measure of quantity of service needs. Second, population density figures might help to adjust for the likelihood that governments serving more densely populated areas need to provide a larger number of healthcare services than those serving less densely populated regions. Third, we include the GDP per capita and the unemployment rate for each region to capture the extent to which social needs might shape the implementation of corporatization initiatives. Fourth, we include the average age of the population served by each regional government; the assumption here being that regions serving older populations would face more complex healthcare service needs. Finally, to adjust for potential common shocks affecting all regions we also include time dummies (yearly) in our models. Table 1 reports descriptive statistics and data sources for all variables.

TABLE 1 Descriptive statistics

Variable	Source	Mean	SD	Min	Max
Neoliberal corporatization	A	0.56	1.9	0	11
Progressive corporatization	A	4.47	5.29	0	22
Right-wing rule	B	0.37	0.48	0	1
Left-wing rule	B	0.35	0.48	0	1
Party tenure	B	11.99	9.34	1	36
Electoral cycle	B	0.49	0.5	0	1
Long-term debt	C	12.28	9.1	0.8	41.6
Health expenditure per capita	D	1298.74	200.1	866.22	1807.24
Population density	C	162.34	178.14	22.85	810.56
GDP per capita	C	22,197.77	4494.19	12,351	34,041
Unemployment	C	15.8	7.35	4.72	36.22
Age	C	41.91	2.35	37.07	47.75

Note: A, SIAE/CNH; B, electoral results, Ministry of Interior (Ministerio del Interior); C, National Institute of Statistics (INE); D, Ministry of Health (Ministerio de Sanidad).

TABLE 2 Correlation matrix

	1	2	3	4	5	6	7	8	9	10	11
1. Neoliberal corporatization	1.00										
2. Progressive corporatization	−0.20	1.00									
3. Right-wing rule	0.32	−0.41	1.00								
4. Left-wing rule	−0.15	0.35	−0.56	1.00							
5. Party tenure	0.12	0.06	0.06	0.01	1.00						
6. Electoral cycle	−0.02	0.13	−0.02	0.01	−0.01	1.00					
7. Long-term debt	0.14	0.05	0.10	−0.02	−0.21	−0.03	1.00				
8. Health expenditure pc	−0.12	−0.12	−0.11	−0.02	−0.17	−0.05	0.23	1.00			
9. Population density	0.67	0.01	0.18	−0.24	0.04	0.00	−0.03	−0.20	1.00		
10. GDP per capita	0.31	0.08	0.08	−0.24	−0.23	−0.01	0.03	0.28	0.55	1.00	
11. Unemployment	0.08	0.11	0.05	0.00	0.19	−0.01	0.57	0.18	−0.07	−0.39	1.00
12. Age	−0.12	−0.16	0.13	0.05	−0.21	−0.05	0.19	0.45	−0.29	0.11	−0.02

3.3 | Methodology

The potential influence of political ideology on implementing both types of corporatization approaches is estimated using Negative Binomial (NB) regression. Given that both dependent variables are count data, linear regression methods can result in inconsistent, inefficient, and biased estimates due to the discrete and nonnegative nature of count variables (Long, 1997; Long & Freese, 2006). A potential alternative would be to use a Poisson regression model, though statistical diagnostics revealed that our count data are over-dispersed, which may result in incorrect standard errors and, hence, potentially incorrect statistical inference. The negative binomial regression allows modeling this overdispersion by including an additional parameter to capture unobserved interindividual heterogeneity (Cameron & Trivedi, 1998). Further tests, such as Akaike's information criterion (AIC) and Bayesian information criterion (BIC), indicate that a negative binomial approach is a better fit than a Poisson model for our data (see Tables 3 and S2). Nonetheless, we report also estimates using Poisson regression in the Supporting Information Appendix S1 (Table S2) to test our results' robustness to alternative model specifications.

TABLE 3 Correlates of corporatization; negative binomial regressions

	Neoliberal corporatization		Progressive corporatization	
	Coefficient	IRR	Coefficient	IRR
Right-wing rule	1.851*** (0.311)	6.366*** (1.979)		
Left-wing rule			0.905*** (0.143)	2.472*** (0.354)
Party tenure	0.027 (0.020)	1.027 (0.021)	−0.015 (0.009)	0.985 (0.009)
Electoral cycle	−0.529 (0.473)	0.589 (0.279)	0.257 (0.155)	1.293 (0.200)
Long-term debt	0.152*** (0.028)	1.164*** (0.033)	0.002 (0.018)	1.002 (0.018)
Health expenditure	−0.004 (0.004)	0.996 (0.004)	−0.001 (0.001)	0.999 (0.001)
Population density	0.017*** (0.003)	1.017*** (0.003)	−0.002*** (0.001)	0.998*** (0.001)
GDP per capita	−0.001*** (0.000)	0.999*** (0.000)	0.000*** (0.000)	1.000*** (0.000)
Unemployment	−0.294** (0.145)	0.745** (0.108)	0.202*** (0.026)	1.224*** (0.032)
Age	0.100 (0.144)	1.106 (0.159)	0.061 (0.050)	1.062 (0.053)
Wald-Chi	334.73		146.70	
AIC	229.22		1239.01	
BIC	317.75		1357.61	

Note: N = 255; robust standard errors reported in parentheses; time effects included in all models.

Abbreviations: AIC, Akaike's information criterion; BIC, Bayesian information criterion.

p < 0.05; *p < 0.01.

4 | RESULTS

Table 2 reports bivariate correlations for the variables examined in this study. Bivariate correlations already suggest that right-wing party rule is positively correlated with “neoliberal corporatization” (pair-wise correlation = 0.32), while left-wing rule is positively correlated with “progressive corporatization” (pair-wise correlation = 0.35) in our study context. The table also suggests that multicollinearity does not seem to be a concern for our analysis. The highest pair-wise correlation was found between long-term debt and unemployment (0.57). Furthermore, the variance inflation factor for both models is below 2 (1.97 and 1.95, respectively).

We report in Table 3 the estimates for our preferred model specification, that is, the NB regression model. The interpretation of coefficients in count models, however, is somewhat complicated because of the use of a log-link function. To better illustrate the results, we interpret the regression coefficients in terms of incidence rate ratios (IRR) (also reported in Table 3). Starting with the analysis of the influence of political ideology on *neoliberal corporatization*, we find clear evidence that regional governments in Spain led by the conservative Popular Party tend to rely more on neoliberal corporatization strategies than regional governments ruled by other political parties. More specifically, our estimates suggest that right-wing party rule is correlated with an increase in the number of hospitals involving the private sector by a factor of about 6.36, while holding all other variables in the model constant. This substantial correlation between right-wing rule and *neoliberal corporatization* suggests that political factors played a crucial role when implementing corporatization strategies involving the private sector in the Spanish healthcare system. On the other hand, our results suggest that regional governments ruled by the Spanish Socialist Workers' Party tend to implement to a higher extent corporatization approaches such as public entities and public enterprises, that is, *progressive corporatization*, the estimates suggesting that left-wing rule is correlated with an increase in the number of progressive forms of corporatized hospitals by a factor of 2.47, while holding all the other variables constant.

Turning now our attention to the adjustment variables, our estimates suggest that, besides the ideology of the ruling party, there appear to be substantial differences as regards explaining regional governments' decisions to implement both types of corporatization. While financial factors and population density indicators seem to influence the likelihood of implementing neoliberal corporatization strategies, the implementation of progressive corporatization strategies appears to be more prevalent in regional governments serving deprived communities, proxied using the unemployment rate.

As regards financial factors, the coefficient for long-term debt is positive in all of the NB models but only reaches statistical significance for the model predicting neoliberal corporatization, IRR suggesting that long-term debt is associated with an increase on the number of corporatized hospitals with private sector involvement by a factor of 1.16. This suggests that regional governments exhibiting higher levels of public debt may have implemented corporatization strategies involving the private sector in the hope of downsizing public debt levels, a matter of particular importance within the European Union (EU) context, where governments are expected to comply with EU fiscal rules. Similarly, population density seems to be positively associated with neoliberal corporatization by a factor of 1.017. On the other hand, our results suggest that progressive corporatization is adopted in slightly less densely populated areas, which may indicate that less densely populated areas are less attractive for private operators.

Focusing now on the political context, we cannot clearly conclude, conditional on the models and data, that party tenure and the electoral cycle are correlated to the number of either types of corporatized hospitals, since the standard errors associated with these coefficients are too high to extract any conclusion. Similarly, neither health expenditure per capita, GDP per capita nor the age of the population seem to be factors explaining the corporatization of hospitals. The correlation between GDP per capita and corporatization, though statistically significant, is not substantive. The coefficient for population age is positive, as expected, in all of the models, but it does not achieve statistical significance, which prevents us from clearly concluding that this variable is correlated with different models of corporatization.

5 | CONCLUSIONS

The Spanish healthcare sector was subject to reform from the 1990s onwards: starting with earlier reform by the Spanish Socialist Workers' Party in the first half of the decade, which introduced legislation to render hospital management more autonomous, in managerial and financial terms, the conservative Popular Party took this reform to another level from 1996, effectively introducing legislation that promoted different configurations of involvement by the private sector into healthcare. In parallel to these reforms, the decentralization of the healthcare sector was implemented, whereby decision-making in the health sector was shifted from central to regional governments, a process completed by 2002. Over the period studied, most of the Spanish regions were governed by the two traditional left and right-wing parties. This makes the Spanish healthcare system an interesting site to explore the extent to which political ideology help explain the different ways in which corporatization has been implemented, a topic which has not received much attention from Public Administration scholars to date.

An examination of the corporatization literature shows that, unlike privatization, which scholars have generally captured by measuring volume of state assets sold, corporatization is not easily conceived of as a continuum. Instead, different clusters of reform associated with corporatization crystallize into configurations. McDonald (2014) captures this usefully in his study of empirical cases of corporatization, which he categorized as either being examples of “progressive corporatization” (the main thrust of reform is to render the entity managerially and financially autonomous) and “neoliberal corporatization” (whereby reforms toward managerial and financial autonomy are accompanied by the promotion of private sector involvement in the production and delivery of public services). We inquired in this context whether right-wing regional governments would pursue neoliberal corporatization, while left-wing ones would opt for progressive models.

Following the body of literature on market-oriented reform—particularly that on privatization—it was to be expected that right-wing parties, due to their closer ideological affiliation with the introduction of private sector involvement into public services, would be more likely to elect a model of corporatization where private sector involvement—in addition to greater autonomy—would be attained. In contrast, it was to be expected left-wing parties—whose ideology is more associated with welfare-enhancing strategies—would tend to avoid private sector involvement (Galasso, 2014).

Our analysis confirmed this expectation. Using count regression models, our results suggest that political factors are an inherent and important part of understanding the dynamics of corporatization in the Spanish healthcare system, and thus significantly shape public sector reform at the regional level in Spain. We provide statistical evidence showing a connection between right-wing political control of regional government and neoliberal corporatization or regional healthcare systems and, on the other hand, a positive correlation between left-wing rule of regional government and progressive corporatization of regional hospitals.

This finding is important for two main reasons. First, there is little scholarship on the determinants of corporatization, particularly political ideology, so this article contributes to an emerging debate on better understanding this relationship. Second, and more importantly, Public Administration scholars are concerned to explore and identify those policies by which politicians delivery good quality public services to citizens. By exploring the relationship between political ideology and different corporatization strategies, a clearer understanding of the consequences of voters' decisions can be laid bare. For example, in the Spanish case, corporatized hospitals with private involvement, such as PPPs and PFIs, have been found to employ substantially lower clinical staff than their counterparts, particular as regards nursing staff (Alonso et al., 2017). Despite this, in a study of corporatized hospitals in Madrid, it was found that involving the private sector does not make them more efficient than their publicly owned counterparts (Alonso et al., 2015). In a study of hospital corporatization in Valencia, Acerete, Stafford and Stapleton (2011, p. 548) conclude that some of the models to introduce the private sector into corporatized hospitals were not viable from the outset, and politicians used their positions in boards of regional banks to help “create” a market in health, potentially leading to conflicts of interest.

Despite the strengths of our approach to analyzing the politics of implementing hospital corporatization initiatives, limitations in our study design provide valuable opportunities for further research. First, although we offer a systematic longitudinal investigation of the ideological determinants of hospital corporatization in Spain, further research is required in other country contexts to inquire to what extent these results can be generalized. Second, the data characteristics, number of observations, and number of units under analysis prevent us from using alternative identification strategies to approximate causal effects, hence our estimates should be interpreted as correlations and not causal effects. To cast further light on the politics-administration dichotomy within regional government healthcare systems, more research is required within regional government decision-making structures to tease out the precise causal mechanisms behind the kinds of ideological effects that we present in this study. Furthermore, other potential factors explaining the corporatization of healthcare in Europe, such as the lack of public resources or excessive public debt levels, could be the aim of a subsequent comparative study that focuses explicitly on alternative approaches to involving the private sector in public healthcare. Given the protracted health crisis around the world, understanding which policies create superior outputs for citizens in healthcare takes on an urgent importance for the scholarly community.

ENDNOTES

- ¹ Law 15/1997 was passed with 290 votes in favor by all political parties with the exception of the far left wing party, Izquierda Unida, which voted against (19 votes). Spain Cortes Generales (1997b).
- ² From 2015 onwards, the Spanish regional political context became much more fragmented due to the creation of two new political parties, Podemos and Ciudadanos. Nonetheless, neither of these new political parties took office in any Spanish region during the period under analysis, that is, from 2003 to 2017.

DATA AVAILABILITY STATEMENT

Data available on request from the authors. The data that support the findings of this study are available from the corresponding author upon reasonable request.

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